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COPY NO. 1

A REPORT
TO THE
NATIONAL SECURITY COUNCIL

by

THE SECRETARIES OF STATE AND DEFENCE

on

THE CENTRAL INTELLIGENCE AGENCY
and
NATIONAL ORGANIZATION FOR INTELLIGENCE

July 1, 1949

WASHINGTON

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July 1, 1949

NOTE BY THE EXECUTIVE SECRETARY

to the

NATIONAL SECURITY COUNCIL

on

THE CENTRAL INTELLIGENCE AGENCY AND
NATIONAL ORGANIZATION FOR INTELLIGENCE

References: A. NSC Action No. 202
B. Memos for NSC from Executive Secretary, same subject, dated January 24, March 2, March 8, and April 4, 1949, respectively.

At its 37th meeting the National Security Council considered the report by the Dulles-Jackson-Correa Survey Group on the subject and comments with respect thereto (Reference B) and referred them to the Secretaries of State and Defense to prepare, in consultation with the Secretary of the Treasury and the Attorney General, and in the light of the discussion at that Council meeting, specific recommendations for Council action. (Reference A)

The enclosed report by the Secretaries of State and Defense on the subject prepared pursuant to NSC Action No. 202 in consultation with the Departments of the Treasury and Justice, is submitted herewith for consideration by the National Security Council at its next meeting of the recommendations contained therein.

The Attorney General is being invited to participate in the Council's consideration of this report.

The Secretary of Defense expressed the view that, upon approval, the recommendations should be put into effect at once and the Council should plan to have a suitable review of the progress made after a reasonable period of implementation.

It is requested that this report be handled with special security precautions.

Distribution:

The President
The Secretary of State
The Secretary of the Treasury
The Secretary of Defense
The Attorney General
The Secretary of the Army
The Secretary of the Navy
The Secretary of the Air Force
The Chairman, National Security Resources Board

SIDNEY W. SOUERS
Executive Secretary

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July 1, 1949

COMMENTS AND RECOMMENDATIONS TO THE NATIONAL SECURITY COUNCIL
ON THE REPORT OF THE DULLES-JACKSON-CORREA COMMITTEE PREPARED
BY THE SECRETARY OF STATE AND SECRETARY OF DEFENSE

The Report on "The Central Intelligence Agency and National Organization for Intelligence" includes 57 individual conclusions and recommendations which we have regrouped in order to facilitate Council consideration. Although some of the conclusions do not require Council action, we wish to bring them to the Council's attention with our comments. Other conclusions and recommendations call for concurrence or non-concurrence by the Council and appropriate implementing action.

1. LEGISLATIVE PROVISIONS GOVERNING CIA AND ITS POSITION
UNDER THE NATIONAL SECURITY COUNCIL.

a. Summary of the Report.

The Survey Group report concludes that:

(1) Section 102 of the National Security Act of 1947 which sets up CIA is sound and that no amendments are necessary at this time;

(2) CIA is properly placed under the National Security Council, but that its Director should establish closer liaison with the two members of the Council on whom the Agency chiefly depends, namely, the Secretaries of State and Defense.

b. Comments.

We concur in these conclusions and recommendations which do not require specific Council action or authorization. It

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should be noted, however, that the National Military Establishment and CIA are presently studying the wartime status and responsibilities of CIA and that recommendations may be presented at a later date on this subject. It may be determined that certain functions and responsibilities should be under the control of the military in time of war.

c. Recommended Action.

That the National Security Council concur in the Survey Group conclusions on this subject, with the understanding that study may determine that certain functions and responsibilities should be under the control of the military in time of war.

2. THE COORDINATION OF INTELLIGENCE ACTIVITIES.

a. Summary of the Report.

The Report concludes that:

(1) The responsibility of CIA with respect to the coordination of intelligence activities has not been fully discharged;

(2) The Intelligence Advisory Committee is soundly conceived as an advisory body, but should, under the forthright initiative and leadership of the Director of Central Intelligence, participate more actively in the continuing coordination of intelligence activities and in the discussion and approval of intelligence estimates.

b. Comments.

We concur in the observations and conclusions of the Report on this general subject. We believe that the objectives

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sought for can be achieved by the recognition and implementation of these principles and by the organizational and operational improvements recommended elsewhere in the Report.

In accordance with these principles and as partial implementation thereof, we recommend certain amendments to National Security Council Intelligence Directive No. 1, as indicated in Annex "A", appended hereto. These amendments would (1) define the status of the Director of Central Intelligence as a member of the Intelligence Advisory Committee and (2) clarify the procedure whereby dissents are included in coordinated intelligence estimates.

c. Recommended Action.

That the National Security Council (1) concur in the conclusions and recommendations stated under para. 2 a above as a statement of principles to be followed by the Director of Central Intelligence and the Intelligence Advisory Committee; (2) amend National Security Council Intelligence Directive No. 1 in accordance with the changes proposed in Annex "A" appended hereto.

3. MEMBERSHIP OF THE INTELLIGENCE ADVISORY COMMITTEE.

a. Summary of Report.

The Report recommends that the Federal Bureau of Investigation be added to the membership of the Intelligence Advisory Committee and that the Joint Staff (JCS) and Atomic Energy Commission be dropped from membership.

b. Comments.

We concur in the proposal that the Federal Bureau of Investigation be added to the membership of the Intelligence

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Advisory Committee, but do not agree that the Joint Staff (JCS) and Atomic Energy Commission be dropped from membership. A sufficient number of problems arise which are of joint concern to foreign intelligence and domestic security intelligence to warrant the membership on the IAC of the FBI in order that coordination and cooperation in the national interest may be achieved.

We also wish to point out that the Recommended Action under para. 2 c above would, if approved, have the effect of clarifying the status of the Director of Central Intelligence as a member of the Intelligence Advisory Committee.

c. Recommended Action.

That the National Security Council (1) invite the Attorney General to have the Federal Bureau of Investigation become a member of the Intelligence Advisory Committee; (2) if this invitation is accepted, amend National Security Council Directive No. 1 accordingly, as provided in Annex "A" appended hereto.

4. PARTICULAR INTELLIGENCE QUESTIONS REQUIRING COORDINATION OR ATTENTION.

a. Summary of the Report.

Throughout the Conclusions and Recommendations of the Survey Group Report, attention is drawn to a number of particular intelligence questions requiring special attention or coordination. These may be listed as follows:

- (1) Scientific Intelligence.
- (2) Domestic Intelligence and counter-intelligence insofar as they relate to the national security.

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(3) Provisions for prompt coordinated intelligence estimates in crisis situations.

(4) The proper allocation of responsibility for political summaries.

(5) The exploitation of intelligence from foreign nationality groups and foreign individuals in the United States.

(6) The coordination of covert intelligence activities in occupied areas.

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(8) Increased emphasis on the counter-espionage activities abroad of the Central Intelligence Agency and closer liaison for counter-espionage matters with the Federal Bureau of Investigation.

b. Comments.

We concur in these conclusions and comments as interpreted above and point out that recent progress has been made in some of these fields. For example, that of scientific intelligence through the creation of the Office of Scientific Intelligence, by an agreement on a procedure for providing prompt coordinated national intelligence estimates in crisis situations, and by an agreement under consideration by the IAC agencies and the FBI with respect to the exploitation of defectors and other aliens.

For the purpose of clarity and guidance:

Paragraph 4 a (2) is considered to refer to the coordination of foreign intelligence and foreign counterintelligence with

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domestic intelligence and domestic counterintelligence for the purpose of correlating and evaluating intelligence relating to national security.

Paragraph 4 a (3) is considered to refer to provision for prompt coordinated national intelligence estimates in crisis situations.

Paragraph 4 a (5) is considered to refer to the exploita-

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We anticipate that the addition of the Federal Bureau of Investigation to the membership of the Intelligence Advisory Committee will contribute particularly to the objectives under points (2), (3), (5) and (7) above. With respect to paragraph 4 a (8) above, we believe the maintenance of close liaison for these purposes is essential.

c. Recommended Action.

That the National Security Council:

(1) Draw the particular attention of the Director of Central Intelligence and Intelligence Advisory Committee to the need for early and sustained action for more effective coordination in the fields listed under para. 4 a above as discussed in the Survey Group Report;

(2) Request the Director of Central Intelligence to submit to the Council within a period of six months a report on progress in these matters.

(3) Invite the Attorney General to have the

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Federal Bureau of Investigation become a member of the Intelligence Advisory Committee.

(4) If this invitation is accepted, amend National Security Council Directive No. 1 accordingly, as provided in Annex "A" appended hereto.

(5) Note that nothing contained in NSCID1, as amended, is intended to affect or change NSC 17/4, approved by the President on March 23, 1949 and the Director of the Federal Bureau of Investigation is a member of the Intelligence Advisory Committee for the purpose of coordinating domestic intelligence and related matters with foreign intelligence matters and his relations with the CIA shall be as provided in Section 102 of the National Security Act of 1947.

5. NATIONAL INTELLIGENCE ESTIMATES.

a. Summary of the Report.

The report concludes that in CIA there has been a confusion between the responsibility for producing coordinated national intelligence estimates and the responsibility for miscellaneous research and reporting. It finds further that the Council's Intelligence Directives on this subject are sound, but have not been effectively carried out. It recommends, aside from organizational changes described in the following section, that CIA should draw upon and review the specialized intelligence production of the agencies in order to prepare coordinated national intelligence estimates and that these estimates should be discussed and approved by the IAC, whose members should be collectively responsible. Such

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estimates should be recognized as the most authoritative available to policy makers.

b. Comments.

We concur in these conclusions except that we do not believe that the Director and the IAC should be bound by the concept of collective responsibility, because this would inevitably reduce coordinated national intelligence to the lowest common denominator among the agencies concerned. A procedure should be adopted which would permit the Director and the IAC to fulfill their respective responsibilities to the President and the NSC regardless of unanimous agreement, but providing for concurrent submissions of dissent. The CIA, however, should interpret and follow the NSC Intelligence Directives so as to refrain as far as possible from competitive intelligence activities in the production of research intelligence estimates.

c. Recommended Action.

That the National Security Council concur in the conclusions and recommendations stated above, as interpreted by our comments, as a statement of principles to be observed by the Director of Central Intelligence and the IAC.

6. ORGANIZATION OF THE CENTRAL INTELLIGENCE AGENCY.

a. Summary of the Report.

The Survey Group Report proposes a number of major changes in the internal organization of CIA with a view to supporting the objectives set forth in the Report. These changes are the following:

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(1) The operations of the Office of Special Operations, the Office of Policy Coordination and the Contact Branch of the Office of Operations should be integrated under single overall direction in an operations division, with its separate administration, within CIA. 4

(2) Out of the present Office of Reports and Estimates there should be created (a) a small estimates division which would draw upon and review the specialized intelligence product of the departmental agencies in order to prepare coordinated national intelligence estimates and (b) a research and reports division to accomplish central research in, and coordinated production of, intelligence in recognized fields of common interest.

(3) The Foreign Documents Branch of the present Office of Operations should be included in the proposed research and reports division. (4)

(4) The Foreign Broadcast Information Branch should be included in the proposed operations division.

(5) The Interdepartmental Coordinating and Planning Staff should be reconstituted as a staff responsible only to the Director of Central Intelligence, with the task of developing plans for the coordination of intelligence activities. It would also perform the present tasks of the Office of Collection and Dissemination with respect to the coordination of collection requirements and requests and the dissemination of intelligence.

b. Comments.

We concur in these recommendations with the exception

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that we do not agree that the Foreign Broadcast Information Branch should be included in the proposed operations division. This division should include those activities (the present Office of Special Operations, Office of Policy Coordination and Contact Branch of the Office of Operations) which conduct covert or semi-covert field intelligence and related operations which are closely interdependent and have similar administrative and security problems.

With regard to the recommendations regarding the Office of Reports and Estimates, the Interdepartmental Coordinating and Planning Staff and the Office of Collection and Dissemination, we concur in them and in the concept of CIA upon which they are based. However, we recognize that there may be other methods of organization which will accomplish the same objectives.

c. Recommended Action.

That the National Security Council (1) approve the recommendations of the Survey Group Report on the reorganization of CIA as listed in para. 6 a above, subject to the exception and comments noted in para. 6 b; (2) direct the Director of Central Intelligence to carry out these recommendations, as approved by the Council, and report to the Council in ninety days on progress toward their implementation.

7. THE SECURITY OF INFORMATION AND THE AVOIDANCE OF PUBLICITY.

a. Summary of the Report.

The Report recommends that (1) the Director of Central Intelligence should, in cases where the disclosure of secret information is sought from him and he has doubt as to whether he should

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comply, refer the question to the National Security Council; (2) in the interest of security, the Central Intelligence Agency should increasingly emphasize its duties as the coordinator of intelligence rather than its secret intelligence activities in order to reverse the present unfortunate trend where it finds itself advertised almost exclusively as a secret service organization.

b. Comments.

We concur in these recommendations with the reservation that, in principle, all publicity is undesirable and that only where it is unavoidable should the procedure set forth in subparagraph 7 a (2) above be followed.

c. Recommended Action.

That the National Security Council (1) approve the recommendations of the Survey Group Report on the security of information and the avoidance of publicity, subject to the reservation noted in para. 7 b above; (2) instruct the Director of Central Intelligence to prepare appropriate National Security Council Intelligence Directives covering these points and submit them for approval within a period of thirty days.

8. CHAIRMANSHIP OF THE UNITED STATES COMMUNICATIONS INTELLIGENCE BOARD.

a. Summary of the Report.

The report recommends that the Director of Central Intelligence should be made permanent chairman of the United States Communications Intelligence Board.

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b. Comments.

We do not concur in this recommendation. This matter was considered when the U. S. Communications Intelligence Board was set up and the present arrangements decided on. These arrangements, which provide for a rotating chairmanship, are operating satisfactorily and it seems undesirable to make a change.

c. Recommended Action.

That the National Security Council not concur in the recommendation contained in the Report.

19. OPERATING PROBLEMS RELATING TO CLANDESTINE ACTIVITIES.a. Summary of the Report.

The Report sets forth certain recommendations regarding individual operating problems of the clandestine activities of CIA. These are questions which, according to the Report, require particular emphasis or have been neglected in the past. The principal questions so indicated may be summarized as follows:

(2) Relations with departmental agencies should be brought closer and the guidance which the Office of Special Operations receives from intelligence consumers should be strengthened. This might be achieved by including representatives of the Service agencies and the State Department in appropriate sections

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of the Office of Special Operations.

(3) The Director of Central Intelligence should assure himself that the operating services of CIA receive adequate guidance on the current and strategic intelligence and policy needs of the Government.

(4) The operating services of CIA should have access to communications intelligence to the full extent required for guidance in directing their operations and for the more effective conduct of counterespionage.

b. Comments.

We concur in these recommendations all of which point to significant operating problems relating to clandestine activities which require particular and constant emphasis.

c. Recommended Action.

That the National Security Council (1) approve the recommendation of the Report as listed in para. 9 a above; (2) direct the Director of Central Intelligence to carry them out with the assistance of the other departments and agencies concerned and report to the National Security Council on any difficulties encountered.

10. THE QUESTION OF CIVILIAN OR MILITARY PERSONNEL IN KEY CIA POSITIONS.

a. Summary of the Report.

The Report concludes that:

(1) The placing in key positions in CIA of a large percentage of military personnel, many of them on relatively

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short tour of duty assignment, tends to discourage competent civilian personnel from looking to employment in the Agency as a career.

(2) Continuity of service is essential for the successful carrying out of the duties of Director of Central Intelligence. The best hope for insuring this continuity and the greatest assurance of independence of action is for a civilian to be Director of Central Intelligence. A serviceman selected for the post should resign from active military duty.

b. Comments.

We do not wholly concur in these conclusions. It is most important that both civilian and military personnel be represented in the key positions in the Central Intelligence Agency although we do not believe it is desirable to attempt to fix any precise ratio for the two. This is a matter to be worked out by the Director in consultation with the Secretaries of State and Defense.

We agree that continuity of service is essential for the post of Director. The most qualified person available should be selected for the post. In order to insure continuity and independence of action, he should be either a civilian, or if a service man or a foreign service officer, he should be either retired or one whose service as Director will be his final tour of active duty.

c. Recommended Action.

That the National Security Council:

(1) Concur in the above comments as an expression of its views on this question.

(2) Inform the President of these views insofar

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as they concern the post of Director of Central Intelligence.

(3) Inform the Director of Central Intelligence of these views insofar as they concern the staffing of other key positions in CIA.

11. GENERAL APPRAISAL OF THE LEADERSHIP AND POLICIES OF THE CENTRAL INTELLIGENCE AGENCY.

a. Summary of the Report.

The Report concludes that:

(1) The directing staff of CIA has not demonstrated an adequate understanding of the mandate of the organization or the ability to discharge that mandate effectively.

(2) Administrative organization and policies tend to impede the carrying out of the essential intelligence functions of CIA under the Act.

b. Comments.

We do not wholly concur in these conclusions. While we recognize the existence of important defects in the organization and operation of CIA, we believe that these conclusions are too sweeping. Complicating factors in appraising CIA's efficiency have been the shortness of time during which to develop an effective organization and a lack of common understanding as to the respective missions of CIA and the departmental intelligence agencies. However, as indicated in the Report and concurred in by us, numerous and important improvements are necessary and need to be carried out promptly and effectively.

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c. Recommended Action.

That the National Security Council (1) note the Conclusions and Recommendations of the Report on this subject: (2) approve the above Comments thereon.

12. THE SERVICE INTELLIGENCE AGENCIES.

a. Comments.

The National Military Establishment concurs in the Conclusions and Recommendations of Chapter 11 of the Report except that it does not agree that the Service intelligence agencies should be staffed with personnel who concentrate in intelligence over the major portion of their careers. It is the policy of the Military Establishment to assign qualified personnel to intelligence duties even though they have not had previous intelligence experience. However, continued efforts are made to attract the highest type personnel to intelligence duty.

b. Recommended Action.

That the National Security Council note the above Comments by the National Military Establishment.

13. THE DEPARTMENT OF STATE.

a. Comments.

The Department of State concurs in the Conclusions and Recommendations of Chapter 12 of the Report and is undertaking to put them into effect as part of general plans for reorganization within the Department.

b. Recommended Action.

That the National Security Council note the above Comments by the Department of State.

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ANNEX "A"

1. To maintain the relationship essential to coordination between the Central Intelligence Agency and the intelligence organizations, an Intelligence Advisory Committee consisting of the Director of Central Intelligence, who shall be Chairman thereof, Director of Federal Bureau of Investigation, and the respective intelligence chiefs from the Departments of State, Army, Navy, and Air Force, and from the Joint Staff (JCS), and the Atomic Energy Commission, or their representatives, shall be established to advise the Director of Central Intelligence. The Director of Central Intelligence will invite the chief, or his representative, of any other intelligence Agency having functions related to the national security to sit with the Intelligence Advisory Committee whenever matters within the purview of his Agency are to be discussed.

5. The Director of Central Intelligence shall disseminate National Intelligence to the President, to members of the National Security Council, to the Intelligence Chiefs of the IAC Agencies, and to such Governmental Departments and Agencies as the National Security Council from time to time may designate. Intelligence so disseminated shall be officially concurred in by the Intelligence Agencies or shall carry an-agreed a statement of substantially dissent differing opinions.

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